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Seventeenth Annual Report 1977



**IMPERIAL METALS AND POWER LTD.**









**DIRECTORS**

James Ball	Surrey, B.C.
Chester F. Millar	West Vancouver, B.C.
Douglas L. Price	Vancouver, B.C.

**OFFICERS**

James Ball – President  
W.G. Stevenson – Secretary

**REGISTRAR & SHARE TRANSFER AGENT**


The Guaranty Trust Company of Canada  
Vancouver, B.C.

**SOLICITORS**

Barbeau, McKercher, Collingwood & Hanna  
Vancouver, B.C.

**AUDITORS**

Campell, Sharp, Nash & Field  
Chartered Accountants  
Vancouver, B.C.



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## REPORT TO THE SHAREHOLDERS

In the past year Dominion Foundries and Steel Ltd. dropped its option on the Lodestone iron and Tulameen coal properties. Fortunately the market outlook for thermal coal has greatly strengthened and the Tulameen coal has been optioned to Cyprus Anvil on favourable terms. Imperial has thus been able to stay in the black and to again achieve a small increase in working capital.

### Tulameen Coal

The option and advance royalty payments provided in the agreement with Cyprus Anvil are set out in the notes to the financial statement. The royalty payments are a minimum of \$1.00 per long ton or 3½% of the FOB sales price of coal containing over 9,000 BTU/lb and 5% of the sale price of coal containing less than 9,000 BTU/lb.

The agreement requires Cyprus Anvil to expend a minimum of \$150,000 during the first year of the agreement. To date an amount considerably in excess of this amount has been expended. In addition to mapping and trenching approximately 10 diamond drill holes at 1,000 ft. or more spacing along the outcrop have been completed. While all testwork and analyses are not complete, results to date are encouraging.

### Merritt Coal

Imperial has received a proposal from a major oil company to acquire an option to purchase the crown granted coal rights held by Imperial. At this date (September 12, 1977) negotiations are continuing.

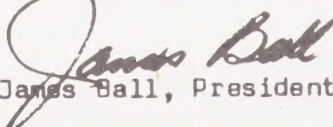
### Lodestone Iron

At present the market for iron and Vanadium is weak. There are no immediate prospects for development of this property. However, sufficient work has been done on all of the important claims to hold them for several more years. When the demand for these minerals is again strong this property, which contains the largest proven reserve of these minerals in B.C., will be a prime contender for development.

### Peace River Iron

Although the world market for iron is depressed, the location of this deposit in rapidly growing Alberta with its increasing demand for steel products provides an impetus for its development. Imperial has a proposal under consideration by a corporation which has a strong interest in development of this property.

ON BEHALF OF THE BOARD,

  
James Ball, President.





# CAMPBELL, SHARP, NASH & FIELD

CHARTERED ACCOUNTANTS

## AUDITORS' REPORT

To the Members,  
Imperial Metals & Power Ltd.

We have examined the balance sheet of Imperial Metals & Power Ltd., as at April 30, 1977, and the statements of deficit, earnings and changes in working capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at April 30, 1977 and the results of its operations and the changes in its working capital for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in classification of exploration, development and administration costs as described in Note 2, on a basis consistent with that of the preceding year.

*Campbell, Sharp, Nash & Field*

Vancouver, Canada.  
June 17, 1977.

Chartered Accountants

IMPERIAL METALS & POWER LTD.

BALANCE SHEET

as at April 30, 1977

A S S E T S

	<u>1977</u>	<u>1976</u>
CURRENT		
Cash	\$ 1,810	\$ 2,099
Term deposits	25,000	10,000
Accounts receivable	270	187
Prepaid expenses	<u>9,869</u>	<u>3,130</u>
	36,949	15,416
MINING PROPERTIES (Note 3)	978,003	978,003
EQUIPMENT, at cost	\$ 2,600	
deduct: accumulated depreciation	<u>2,081</u>	519
	519	1,611
INCORPORATION EXPENSE	<u>1,950</u>	<u>1,950</u>
	\$ 1,017,421	\$ 996,980

L I A B I L I T I E S

CURRENT		
Accounts payable	\$ 1,709	\$ 1,171
DEFERRED LEASE REVENUE		26,667

SHAREHOLDERS' EQUITY

SHARE CAPITAL		
Authorized		
200,000 6% non-cumulative redeemable preference shares of \$10 each		
5,000,000 common shares of no par value		
Issued and fully paid (Notes 3 and 5)		
4,222,818 common shares (1976, 3,526,298)	2,371,505	2,358,136
DEFICIT (Note 2)	<u>1,355,793</u>	<u>1,388,994</u>
	<u>1,015,712</u>	<u>969,142</u>
	\$ 1,017,421	\$ 996,980

On behalf of the Board

..... *James Ball* ..... Director

..... *C. F. Miller* ..... Director



IMPERIAL METALS & POWER LTD.

STATEMENT OF DEFICIT

for the year ended April 30, 1977

	<u>1977</u>	<u>1976</u>
BALANCE, beginning of year, as previously reported	\$ 126,151	\$ 126,151
Transfer from deferred charges (Note 2)	1,262,843	1,265,001
	<hr/>	<hr/>
BALANCE, beginning of year, as restated	1,388,994	1,391,152
Net earnings for the year	33,201	2,158
	<hr/>	<hr/>
BALANCE, end of year	\$ 1,355,793	\$ 1,388,994
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IMPERIAL METALS & POWER LTD.

STATEMENT OF EARNINGS

for the year ended April 30, 1977

	<u>1977</u>	<u>1976</u>
REVENUE		
Option payment received (Note 3)	\$ 40,000	
Lease revenue	26,667	\$ 40,000
Advance royalties (Note 3)	10,000	
Interest income	677	327
Cost recoveries		<u>2,627</u>
	<u>✓ 77,344</u>	<u>42,954 ✓</u>
EXPENSES		
EXPLORATION AND DEVELOPMENT		
Property leases, licenses and taxes	10,216	24,215
Field travel	287	1,651
Engineering contracts		890
Sundry		<u>288</u>
	<u>10,503</u>	<u>27,044</u>
ADMINISTRATION		
Legal and audit	2,929	1,445
Shareholders' information and report	1,224	2,161
Telephone	382	765
Interest and bank charges	33	1,227
Filing fees	1,430	500
Share issue and transfer fees	2,403	1,793
Salaries and employee benefits (Note 5)	14,226	350
Capital tax	4,636	3,080
Rent and office services (Note 5)	3,925	
Sundry	2,360	1,857
Depreciation	<u>92</u>	<u>574</u>
	<u>33,640</u>	<u>13,752</u>
	<u>44,143</u>	<u>40,796</u>
NET EARNINGS FOR THE YEAR (Note 4)	<u>✓ \$ 33,201</u>	<u>\$ 2,158 ✓</u>



IMPERIAL METALS & POWER LTD.

STATEMENT OF CHANGES IN WORKING CAPITAL

for the year ended April 30, 1977

	<u>1977</u>	<u>1976</u>
WORKING CAPITAL INCREASED BY		
Operations		
Net earnings for the year	\$ 33,201	\$ 2,158
add: items not resulting in a change in		
working capital		
depreciation	92	574
deferred lease revenue	(26,667)	
	<hr/>	<hr/>
	6,626	2,732
Proceeds of sale of fixed assets	1,000	
Proceeds of issuance of common shares	13,369	
	<hr/>	<hr/>
	20,995	2,732
	<hr/>	<hr/>
INCREASE IN WORKING CAPITAL	20,995	2,732
WORKING CAPITAL, beginning of year	14,245	11,513
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WORKING CAPITAL, end of year	\$ 35,240	\$ 14,245
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NOTES TO THE FINANCIAL STATEMENTS

April 30, 1977

1. SIGNIFICANT ACCOUNTING POLICIES

- a) Mining properties are recorded at their acquisition cost including, where applicable, the recorded value of shares issued as consideration therefor. These costs are carried in the accounts until such time as a property or group of properties is abandoned or otherwise disposed of by the company, at which time the book value is written-off to the deficit account.
- b) Depreciation is recorded at 20% per annum on a reducing balance basis.
- c) Exploration, development and administration costs, net of revenues and expense recoveries, are charged to earnings in the year incurred.  
(see Note 2)

2. CHANGE IN ACCOUNTING POLICY

Prior to 1977, accumulated exploration, development and administration costs were shown as a deferred charge on the balance sheet. Commencing in 1977, the company will charge such expenditures to current operating results in the year incurred. Accumulated costs to 1976 have been reclassified as charges to deficit and the comparative figures have been restated.

3. MINING PROPERTIES

a) Property Leases

The company originally acquired a 90% interest in five iron leases in the Peace River area of the Province of Alberta. Three of the leases were subsequently allowed to lapse. The remaining two leases are for periods of twenty-one years expiring in 1983 and 1985. The annual lease payments are \$9,904. At April 30, 1977 an amount of \$9,202 applicable to the period subsequent to this date has been shown as a prepaid expense. Royalties will be payable to the Province of Alberta at prevailing rates at such time as production commences.



IMPERIAL METALS & POWER LTD.

NOTES TO THE FINANCIAL STATEMENTS

April 30, 1977

3. MINING PROPERTIES (continued)

b) Lodestone Iron and Coalmont Coal Properties

Effective December 20, 1976 Dominion Foundries and Steel Limited cancelled its lease of these properties with the company. Pursuant to the original agreement, it exercised its option to purchase 568,520 common shares at 1/10 of 1¢ per share. The issue of these shares has been reflected in these financial statements although they were not finally issued until June 1977.

An option agreement was entered into with Cyprus Anvil Mining Corporation on December 16, 1976, covering the company's Coalmont Coal properties. The agreement provided for an option payment of \$40,000 on execution of the agreement, and further payments of \$40,000 on or before February 1, 1978 and 1979. In addition, advance royalties are payable at the rate of \$75,000 per year in 1980 and 1981 and \$100,000 per year thereafter. If the optionor exercises the option, it will acquire the various coal properties and as consideration therefor will pay to the company royalties based on coal produced.

c) Clinton Limestone

In 1972 the company sold its Clinton limestone property for an amount of \$25,000, retaining a royalty interest of 25¢ per ton for all limestone products shipped from the property. A minimum royalty of \$10,000 per year commencing in 1977 payable in the year following the year in respect of which the royalty was payable was required to be paid to the company. Under the terms of an agreement entered into on August 31, 1976, the company agreed to forego the minimum royalty of \$10,000 per year after 1977; the 1977 minimum royalty of \$10,000 was received and this amount will be applied against future earned royalties.

4. INCOME TAXES

No income taxes are payable by the company on net earnings due to the availability of accumulated exploration and development costs which may be claimed for income tax purposes. //

IMPERIAL METALS & POWER LTD.

NOTES TO THE FINANCIAL STATEMENTS

April 30, 1977

5. REMUNERATION OF MANAGEMENT

In October 1976, the company issued 100,000 common shares, recorded at a stated value of 10¢ per share, to the President of the company as consideration for his services to the company for the period from January 1, 1975 to December 31, 1975. In addition, 28,000 shares of the company were issued at a stated value of 10¢ per share to a company controlled by two directors of the company as consideration for office and administrative services to the company for the period from January 1, 1975 to December 31, 1975. It is not the intention of the directors to authorize any remuneration for 1976. A salary of \$12,000 for the President has been authorized for 1977 and accordingly these statements include remuneration of \$4,000 for the four months of 1977 in the current fiscal year.







